m/047/066

DESERET POWER
ELECTRIC COOPERATIVE

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Vernal, Utah 84078
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January 6, 2003

Mr. D. Wayne Hedberg
Division of Oil, Gas and Mining
Utah Department of Natural Resources
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Re: Response to 4th Review of
Notice of Intent (NOI) to Commence Large Mining Operations, Deseret Generation and Transmission (DG&T), Diamond Mountain Resources Limestone Mine, M/047/066, Uintah County, Utah

Dear Mr. Hedberg:

Enclosed are two copies of Deseret Power's response to the fourth review of our Notice of Intent (NOI) to commence large mining operations, M/047/066.

Please contact Jerry Hascall (435) 781-5702, or myself (435) 781-5730, if you have any questions or comments.

Sincerely,

William Curry

William Curry, PE
Senior Civil Engineer

RESPONSE
TO
4th REVIEW OF NOTICE OF INTENT
TO
COMMENCE LARGE MINING OPERATIONS

Deseret Generation & Transmission
Diamond Mountain Resources Mine

M/047/066

RECEIVED
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DIV. OF OIL, GAS & MINING

R647-4-106 - Operation Plan

106.3 Estimated acreages disturbed, reclaimed, annually

From the Division's 4th Review: *"... will affect an estimated 41.3 acres: however it appears this figure should actually be 47.3 acres and that the 41.3 acres is a typographical error."*

The correct figure is 47.3 acres of actual mining and associated reclamation.

The surety bond has been revised to more clearly show the anticipated costs associated with the differing reclamation activities.

106.6 Plan for protecting & redepositing soils

From the Division's 4th Review: *"... for a total of 28.5 acres of actual mine disturbance. Subsoil and topsoil from the 18.8 acres borrow area will be insufficient to reclaim this planned 28.5 acres of disturbance."*

Deseret Power disputes this conclusion. The area currently occupied by the crusher/conveyor, stockpiles and reject piles contained very little useful soils material; and can be assumed to not contain any appreciable quantities of non-contaminated soils. However, the 12.5 acres (see Map 4A) of side slope, from the pit bottom to the top of the pit, has more topsoil and subsoil available then what will be required to reclaim that 12.5 acres. In other words - each unit area of that 12.5 acre area contains enough soils material to reclaim itself plus an unspecified additional area. There is an abundance of subsoils. The limiting material is topsoil. Nonetheless, there is enough topsoil in the 12.5 acre area to generally reclaim itself times two. (For example: 12 x 12 x 12 inches in situ becomes two 12 x 12 x 6 after salvage and reclamation.)

The soils material contained within the 18.8 acre soil borrow area is more then sufficient for the reclamation needs of the 16 acre pit bottom. The assertion that the topsoil in the

borrow area is 12 inches deep is a conservative estimate. The assertion of subsoil depth averaging 24 inches is more conservative still.

From the Division's 4th Review: *"... in order for the Operator to cover the current disturbed area with 18 inches of soil ... ".*

Deseret Power will not cover the currently recognized disturbed area of 17.64 acres with 18 inches of soil.

The value of 17.64 acres is the cumulative total of all areas currently recognized by the Division as being disturbed. But of that area, only 9.64 acres would require addition of soils so as to foster re-vegetation. (See Map 2, rev.3 - the listing of areas by usage and acreage. See also the "Note" on Map 2.)

From the Division's 4th Review: *"As mining progresses in the future, the operator intends to conduct mining operations ... on an additional 10.86 acres. Because nearly all ... there would be little or no borrow soil available for this additional area."*

Deseret Power disputes this contention. Taking into account the excess material available from the 12.5 acre side slope area and the overly conservative estimates of soils material available from the 18.8 acre soil borrow area - we contend that there is more then enough soils available to reclaim the side slopes (12.5 acres), the pit bottom (16 acres) and the areas of soil borrow (up to 18.8 acres).

Deseret Power does not think a shortage of borrow material will be encountered; or will necessitate our having additional borrow material available. Nonetheless, if such should be the case, the shortfall could be made up by the use of subsoils and reject materials to which Division-approved amendments had been added.

R647-4-113 - Surety

The surety estimate has been revised to reflect the updated unit costs and to more clearly indicate the different values for different items.

APPENDIX F

Basis for Calculation of Bond
Revised December 30, 2002

At the present time there are 17.64 acres that have been designated as disturbed by the Division, and that would require various clean-up and reclamation efforts for which this Bond would be applicable. However, the Division has specified that the bond must be based upon the entire area (47.3 acres) that may be potentially disturbed. The following estimates are based upon this requirement by the Division. Nonetheless, it must be kept in mind that not all areas will have the same reclamation requirements; that Deseret is required to conduct ongoing reclamation efforts so as to limit the areas unreclaimed; and that the size of the active mine area is limited by the Forest Service.

A. General Clean-up and Removal:

Debris and equipment removal - trucking	$55 x 20 trips = $1,100	
Debris and equipment removal - dump fees	$60 x 10 tons = $600	
Debris and equipment removal - loading	$180 x 20 hrs = $3,600	
Demolition and debris removal - labor (Not mine face)	$15 x 80 hrs = $1,200	

B. More Involved Reclamation Activities:		Notes
Ripping stockpile & compacted areas incl. pit floor, and roadway	$246 x 9.64 acres = $2,371	(a)
Blasting of Mine Face and Pit Bottom (Incl. Drilling, loading, etc.)	$1.33 x 19,440 tons = $25,928	(b)
Backfilling of Active Pit - Dozer (waste and reject material)	$0.58 x 57,707 cu yds = $33,470	(c)
Regrading slopes (2 ft depth)	$513 x 9.64 acres = $4,945	(c)
Subsoil replacement - dozer (12 inches over 9.64 acres)	$0.58 x 15,553 cu yds = $9,020	(c)
Subsoil replacement - truck and FE loader (12 inches over 9.64 acres)	$2.65 x 15,553 cu yds = $41,215	(c)

Topsoil replacement - dozer (6 inches over 9.64 acres)	$0.58 x 7,777 cu yds = $4,510	(c)
Topsoil replacement - truck and FE loader (6 inches over 9.64 acres)	$2.65 x 7,777 cu yds = $20,609	(c)
Topsoil replacement - truck and FE loader (6 inches over 9.64 acres of soil borrow area)	$2.65 x 7,777 cu yds = $20,609	(d)
Broadcast seeding	$240 x 47.3 acres = $11,352	(e)
Equipment mobilization	$2000 x 5 pieces = $5,000	
Reclamation Supervision	$400 x 30 days = $12,000	
Well Plugging (water, monitoring, test bores)	$2,475	
Reclamation of Sediment Pond		
(Backfill)	$2.65 x 5185 cu yds = $13,482	
(12 inches of subsoil)	$2.65 x 389 cu yds = $1,031	
(12 inches of topsoil)	$2.65 x 194 cu yds = $516	
10% contingency	$21,503	
Single-Payment Compound-Amount Factor S=P[(1+.0312)*5]	$275,812	

This is an average cost per disturbed acre of: $5,831
(Based on 47.3 acres)

Notes:

a. Only the pit bottom, stockpile/reject pile areas and traffic ways would require ripping and/or blasting prior to placement of subsoils and topsoil. At the present time such areas encompass 9.64 acres. The development of the mine and the progress of mining will not increase this value - but will instead decrease it.

b. The mine face will require blasting to collapse the highwalls. One side slope will require blasting to aid in sloping it to 1v:3h. The overall width of excavation is anticipated to be 325 ft or less. The open and excavated Pit will not continue to grow as mining progresses because reclamation activities of backfill and regrading will be ongoing. Areas "mined through" will be reclaimed as soon as possible.

c. Because reclamation activities are required to be ongoing so as to limit the area of active disturbance, only the Active pit area (working width of the mine face and

immediate side slope) would require backfilling, slope regrading and placement of subsoil and topsoil. All other "mined through" areas will have these reclamation activities already done at any particular point in time. At present, 9.64 acres would require placement of soils and regrading. Deseret G&T estimates that once the mine is developed, no more then 2.5 acres at any one time will require reclamation activities of backfilling, slope regrading and soil placement.

d. Because reclamation activities are required to be ongoing so as limit the areas of active disturbance; side slopes will be backfilled, regraded and have subsoil and topsoil placed on them as the mine face progresses upslope. At no point in time will the unreclaimed "mined through" area, compacted area and traffic ways exceed the present 9.64 acres. Therefore the soil borrow area requiring topsoil replacement upon the exposed subsoil will not exceed 9.64 acres in the extreme.

e. Broadcast seeding is assumed to be required over the entire permitted disturbance area of 47.3 acres even though this is unlikely to actually be required.